To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

General Equalization Aids -- Procedure for Setting Funding Level (DPI)

[LFB Summary: Page 464, #4]

CURRENT LAW

Annually, by each June 15, the Department's of Public Instruction and Administration and the Legislative Fiscal Bureau must jointly certify to the Joint Committee on Finance (JFC) an estimate of the amount necessary in the equalization aid appropriation. This funding amount must be sufficient, when combined with categorical school aid appropriations and the school levy tax credit, to achieve an estimated 66.7% of partial school revenues in the following school year. By June 30 of each year, JFC must approve the amount to appropriate as equalization aid. Partial school revenues are defined as the sum of state school aids, which includes the general and categorical aid programs, and gross property taxes levied for school districts.

The equalization aid appropriation is a sum sufficient appropriation that is set equal to the amount approved by JFC each year.

GOVERNOR

Modify the current equalization aid appropriation from a sum sufficient to an annual sum certain. Delete the current statutory procedure for establishing the funding level for equalization aid. Instead, provide that by February 15, 1999, and biennially thereafter, the Governor would submit an estimate to JFC of the amount needed in the following biennium to ensure that the sum of state school aids and the school levy tax credit equals two-thirds of partial school revenues.

DISCUSSION POINTS

1. On June 14, 1996, the State Superintendent, Secretary of DOA and Director of the Legislative Fiscal Bureau certified to JFC an amount that they estimated would be required to achieve the 66.7% funding goal for 1996-97. Based on information available at that time, the three agencies indicated that $3,182.2 million GPR needed to be appropriated in the equalization appropriation for 1996-97. That was $30 million higher than the funding level contained in the 1995-97 budget. On June 27, 1996, JFC approved the certified amount of $3,182.2 million as the figure to be appropriated as 1996-97 general school aids.

2. At the time of certification in June, 1996, the three agencies estimated that partial revenues for 1996-97 would equal $6,050 million. Based on the property tax levies as certified by each school district to the Department of Revenue late in 1996, statewide property tax levies for school purposes for 1996-97 are $44.1 million higher than estimated in June, 1996, and partial revenues for 1996-97 are $6,094.1 million, or $44.1 million greater than the projected $6,050 million. As a result, state support of K-12 partial revenues will be approximately 66.2%, or $29.4 million less than the amount necessary to achieve the 66.7% goal.

3. Other major GPR funded programs such as shared revenue, medical assistance and the University of Wisconsin are provided a specific level of GPR funding. For these programs, a funding level is established once every two years in the budget process. If subsequent adjustments are needed, funding can be provided in separate legislation. While funding 66.7% of partial school revenues represents a commitment of approximately 39% of the state's total general fund budget for 1996-97, the administration argues that the two-year budget cycle used for most other state programs would be adequate for equalization aids as well.

4. It could be argued that the current estimating process would provide a more accurate and impartial estimate of the state's cost of achieving the 66.7% goal of partial school revenues, compared to the Governor's recommendations. Under current law, three independent agencies jointly certify to JFC, on an annual basis, an estimate of the amount necessary to fulfill the state's commitment.

5. On April 25, 1997, the Legislative Council Special Committee on the School Aid Formula voted to recommend that the state continue to provide equalization aid through a sum sufficient appropriation rather than an annual sum certain appropriation as proposed by the Governor. The Special Committee also voted to recommend that the current annual procedure for adjusting the amount of funding necessary for the equalization aid appropriation be retained, rather than eliminating this process as proposed in SB 77. In an April 24, 1997, letter to the Co-Chairs of JFC, the Senate Education Committee made the same recommendations.

Senator George

PUBLIC INSTRUCTION

Delete Primary Hold Harmless Provision on Equalization Aids

Motion:

Move to delete the current law hold harmless provision on primary aid under the state's equalization aid formula as well as the current law special adjustment aid.

Note:

This motion would modify the current law equalization aid formula to repeal the hold harmless on primary aid, which would result in the redistribution of aid at the primary aid level from certain higher-value districts to other school districts. The motion would also repeal special adjustment aids, which otherwise would limit the amount of aid a school district could lose compared to the prior year.

MO# 3228

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
2 WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS 0

Motion #3228

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to modify the current equalization aid appropriation from a sum sufficient to an annual sum certain. In addition, delete the current statutory procedure for establishing the funding level for equalization aid. Instead, provide that by February 15, 1999, and biennially thereafter, the Governor would submit an estimate to JFC of the amount needed in the following biennium to ensure that the sum of state school aids and the school levy tax credit equals two-thirds of partial school revenues.

2. Maintain current law.

Prepared by: Bob Soldner

MO#__________

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE ____ NO ____ ABS ____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Two-Thirds Rather Than 66.7% State Support (DPI)

[LFB Summary: Page 464, #5]

CURRENT LAW

Under current law, by each June 15, the Departments of Public Instruction and Administration and the Legislative Fiscal Bureau must jointly certify to the Joint Committee on Finance (JFC) an estimate of the amount necessary in the equalization aid appropriation which, when combined with categorical school aid appropriations and the school levy tax credit, would achieve 66.7% of partial school revenues in the following school year. Partial school revenues is the sum of state school aids, which is the sum of general and categorical school aids, and gross property taxes levied for school districts. By June 30, JFC must approve the amount to appropriate as equalization aid.

GOVERNOR

Replace the current statutory goal of 66.7% of partial revenues with a goal of "two-thirds" of partial school revenues. This modification would result in an annual reduction of 0.05%, or approximately $2.1 million in 1997-98 and $2.2 million in 1998-99, from the funding required for equalization aid under current law.

DISCUSSION POINTS

1. The administration argues that the current goal of 66.7% of partial school revenues is commonly referred to as "two-thirds funding." The SB 77 provision would align the statutory goal of 66.7% with common usage, which is equivalent to 66.666...%. In their view, there is little reason for the state to pay the additional cost of attaining a 66.7% goal, if the goal is considered to be "two-thirds" funding.

2. On April 25, 1997, the Legislative Council Special Committee on the School Aid Formula voted to recommend that the current statutory goal of 66.7% be retained, rather than the Governor's proposal to change the goal to "two-thirds".

3. If the Governor's proposal would be deleted, it is estimated that this modification would increase the state's cost of funding partial school revenues by approximately $2.1 million in 1997-98 and $2.2 million in 1998-99.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to replace the current statutory goal of 66.7% of partial school revenues with a goal of "two-thirds" of partial school revenues, which would reduce the cost for equalization aids, of meeting the goal by an estimated $2,100,000 in 1997-98 and $2,200,000 in 1998-99, compared to current law.

Alternative 1	GPR
1997-99 FUNDING (Change to Base)	- $4,300,000
[Change to Bill	*$0]*

2. Maintain current law, which would increase costs for equalization aids, compared to the bill by an estimated $2,100,000 in 1997-98 and $2,200,000 in 1998-99.

Alternative 2	GPR
1997-99 FUNDING (Change to Base)	$0
[Change to Bill	*$4,300,000]*

Prepare

MO# Alt 1

	Y	N	A
BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 14 NO 2 ABS 0

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

School District Revenue Limits -- School Districts with Changes in Pupil Enrollments (DPI)

CURRENT LAW

For purposes of the state's school district revenue limit, a three-year rolling average of a school district's pupil enrollment is used to determine the allowable revenue increase for that district. The number of pupils is based on the average of a school district's membership count taken on the third Friday in September for the current and two preceding school years. For example, the average of the 1993, 1994 and 1995 September memberships was used to calculate the 1995-96 base year revenues per pupil. Then, the average of the 1994, 1995 and 1996 September memberships is used to determine the allowable revenue increase in 1996-97.

Only those pupils who are residents of the district are counted for membership purposes. Pupils who transfer between school districts under the integration (Chapter 220) program are counted in the membership of the sending district and not the receiving district. In addition, pupils participating in the Milwaukee parental choice program are excluded from the membership of the Milwaukee Public Schools when computing the District's revenue limit.

GOVERNOR

No provision.

DISCUSSION POINTS

1. Approximately 66% of school districts increased membership from the 1995 to the 1996 third Friday in September pupil count for purposes of the school district revenue limit calculations. Specifically, 283 school districts gained, 138 school districts lost and five school districts had no change in membership. The one-year changes ranged from a 19.35% increase to a 19.39% decrease.

2. For purposes of revenue limit calculations, two separate three-year rolling averages are used to calculate a district's maximum revenues. The three-year rolling averages are used, instead of a one-year change, to lessen the impact on school district budgeting that an annual change could cause. Under the 1996-97 calculations, the changes in the three-year rolling averages ranged from a 13.95% increase to a 6.99% decrease.

3. Some have argued that a five-year rolling average should be used for purposes of calculating revenue limits. The proponents have argued that five-year rolling averages would allow school districts more opportunity to plan and react to changing memberships. Opponents would argue that a three-year rolling average allows ample opportunity for districts to react to changing memberships and moving to five-year rolling averages would only delay a district's need to make decisions.

4. On April 24, 1997, the Senate Education Committee sent a letter to the Co-Chairs of JFC indicating that the Senate Education Committee supports some adjustment for declining enrollment school districts. The Senate Committee identified a four-year or five-year rolling average as a possibility. Based on the 1996-97 revenue limit calculations, including the $206 per member increase and prior to other allowable adjustments, a five-year rolling average would increase maximum revenues by approximately $8.0 million. Specifically, 250 school districts would gain $15.4 million and 176 school districts would lose $7.4 million. The state's cost of this increase, under the goal of funding 66.7% of partial school revenues, would be approximately $5.3 million.

5. On April 29, 1997, the Legislative Council Special Committee on the School Aid Formula recommended that an 85% hold harmless provision be incorporated into the revenue limit calculations designed to protect declining enrollment districts. The proposal would specify that if the three-year rolling average used for revenue limits results in a loss of membership for a school district, then the district could retain 85% of the membership lost for purposes of calculating its allowable revenue increase. Although the membership count would revert to its actual level the next year, this higher revenue amount would carry forward, because the base revenue for the next year would reflect the higher maximum revenue generated under the 85% hold harmless provision.

This proposal would provide substantial support to districts with declining enrollment. However, one disadvantage of this proposal would be that a district that experienced a decline in enrollment in one year and an offsetting increase in the next year, would end up with higher allowable revenues per pupil than if the district had stable membership. This could create an undesirable incentive for school districts to manipulate their fall membership counts for revenue limit purposes.

6. The Committee could adopt modifications that would adjust school district three-year rolling average memberships used in calculating revenue limits so that no school district would experience a change (either a decrease or increase) greater than two percent compared to the prior year's count. Based on the 1996-97 revenue limit calculations, including the $206 per member increase and prior to other allowable adjustments, this alternative would decrease maximum revenues by approximately $16.65 million. Specifically, 11 school districts would gain $0.35 million and 148 school districts would lose $17.0 million. Districts with significant declines in membership would gain under this option, and districts with larger gains in membership would lose under this alternative. The state's share of this decrease in maximum revenues, under the goal of funding 66.7% of partial school revenues, would be a reduction of approximately $11.11 million.

ALTERNATIVES TO BASE

1. Adopt a five-year rolling average for purposes of calculating school district revenue limits, effective July 1, 1998. It is estimated that this modification would cost approximately $5.3 million in 1998-99 for additional equalization aids.

Alternative 1	GPR
1997-99 FUNDING (Change to Base)	$5,300,000
[Change to Bill	$5,300,000]

2. Provide that if a school district's three-year rolling average pupil enrollment changes by more than 2% compared to the prior year three-year rolling average, then its allowable maximum revenues would be calculated as if the change had been 2%, effective July 1, 1998. Specify that this provision would apply to one of the following situations:

a. to school districts only with declining enrollment; provide an additional $230,000 in 1998-99 for equalization aids.

Alternative 2a	GPR
1997-99 FUNDING (Change to Base)	$230,000
[Change to Bill	$230,000]

b. to school districts with both declining and increasing enrollments; delete $11,110,000 in 1998-99 for equalization aids.

Alternative 2b	**GPR**
1997-99 FUNDING (Change to Base)	- $11,110,000
[Change to Bill	*- $11,110,000]*

3. Maintain current law.

Prepared by: Bob Soldner

Senator Jauch

PUBLIC INSTRUCTION

School District Revenue Limits --
Declining Enrollment -- Three-Year Declining Hold Harmless Provision

Motion:

Move to provide that if a school district's three-year rolling average pupil enrollment declines by more than 2% compared to the prior year three-year rolling average, then its allowable maximum revenues would be calculated as if the decrease has been 2%, effective only for 1997-98. Provide that beginning in 1998-99 and thereafter a school district that loses enrollment would receive a three-year declining adjustment to revenue limits, in an amount equal to: (a) in year one, a dollar amount equal to the allowable revenues that 75% of the decline in membership would have generated; (b) in year two, a dollar amount equal to the allowable revenues that 50% of the decline in membership would have generated; and (c) in year three, a dollar amount equal to the allowable revenues that 25% of the decline in membership would have generated. After year three, no further adjustment would be provided attributable to the initial decline in membership. Specify that these adjustments would be calculated separately from the maximum allowable revenues under the current three-year rolling, average process, and would be provided as non-recurring adjustments. This same process would apply to a membership decline in subsequent years. Provide $230,000 GPR in 1997-98 and $2,900,000 in 1998-99 for equalization aids.

Note:

It is estimated that this proposal would require $0.23 million GPR in 1997-98 and $2.9 million GPR in 1998-99 for general equalization aids in order to maintain the state's commitment to fund 66.7% of partial school revenues.

[Change to Base: $3,130,000 GPR]
[Change to Bill: $3,130,000 GP

MO# 3249

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 11 NO 5 ABS 0

Motion #3249

Senator Wineke

PUBLIC INSTRUCTION

Declining Enrollment -- Revenue Limits

Motion:

Move to provide that if a school district that has an enrollment decline that exceeds 2% of its enrollment (as calculated through the current law three-year average process), then the school district could levy for the amount of revenue loss that would be attributable to the decline in enrollment that exceeds 2%. Specify that this additional levy would not be included in the calculation of partial school revenues for purposes of the goal of state funding of 66.7% of partial school revenues.

MO# 4505

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 6 NO 10 ABS 0

Motion #4505

Senator Wineke

PUBLIC INSTRUCTION

School District Revenue Limits -- Declining Enrollment 85% Hold Harmless

Motion:

Move to provide that an 85% hold harmless provision be incorporated into the revenue limit calculations designed to protect declining enrollment districts. Specify that if the three-year rolling average used for revenue limits would result in a loss of membership for a school district, then the district would retain 85% of the membership lost for purposes of calculating its allowable revenue increase. Provide $3,200,000 GPR in 1997-98 and $6,500,000 GPR in 1998-99 for equalization aids.

Note:

Under this proposal, the membership count would revert to its actual level the next year, but the higher revenue amount would carry forward, because the base revenue for the next year would reflect the higher maximum revenue generated under the 85% hold harmless provision. It is estimated that this proposal would require $3.2 million GPR in 1997-98 and $6.5 million GPR in 1998-99 for general equalization aids in order to maintain the state's commitment to fund 66.7% of partial school revenues.

[Change to Base: $9,700,000 GPR]
[Change to Bill: $9,700,000 GPR]

MO# 3203

2 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
1 WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS 0

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

School District Revenue Limits - Maximum Allowable Revenue Increase (DPI)

[LFB Summary: Page 461, #2]

CURRENT LAW

For purposes of school district revenue limits, the state restricts the annual increase in a school district's per pupil revenue derived from general school aids and property taxes. The allowable increase in revenue per pupil cannot exceed a flat dollar amount of $206 for 1996-97 and each year thereafter.

General school aids consist of the following, as they apply to a particular school district: (a) equalization aid; (b) integration (Chapter 220) aid; and (c) special adjustment (hold harmless) aid. In total these aids represent nearly 90% of the funds provided as state aid to school districts.

GOVERNOR

No provision.

DISCUSSION POINTS

1. Prior to 1995-96, the allowable per pupil revenue increase could not exceed a flat dollar amount or the rate of inflation, whichever resulted in the higher revenue amount for the district. In 1993-94, the limit was based on $190 per pupil or an inflation rate of 3.2%. Beginning in 1994-95, the $190 per pupil amount was adjusted by the rate of inflation, so that the limit was based on $194.37 per pupil or an inflation rate of 2.3%. Under 1995 Act 27 (the

1995-97 budget) the maximum allowable per pupil revenue increase was set at $200 in 1995-96 and $206 in 1996-97 and each year thereafter. Under Act 27, the flat dollar amount is no longer adjusted for inflation and a school district no longer has the option to use the inflation rate to determine its maximum allowable increase.

2. There are three main arguments offered by the proponents of a flat dollar amount:

• Limiting all school districts to the same per pupil increase in allowable revenues will, over time, reduce the disparity in revenue per pupil among districts in the state on a percentage basis. A $206 increase represents a greater increase as a percent of the base for a district with lower allowable revenue per pupil than for a district with higher revenues per pupil.

• A flat dollar amount, rather than a higher adjustment based on an inflation option, for districts with higher-than-average revenues per pupil results in more property tax relief for taxpayers in those communities.

• The cost for the state to achieve the goal of two-thirds funding of partial school revenues, which began in 1996-97, is lower than compared to indexing the flat dollar amount.

3. Under current law, it is estimated that the $206 flat amount would provide allowable per pupil revenue increases of 3.0% or greater to approximately 77% of school districts in 1997-98 and approximately 69% in 1998-99. The following table shows the number of school districts by percentage increase in allowable revenues during fiscal years 1996-97, 1997-98 and 1998-99.

Number of School Districts by Percentage Increase of the Per Pupil Allowable Revenues with the Current $206 Amount

Percentage Increase to Allowable Revenues	Actual 1996-97		Estimated SB 77 1997-98		Estimated SB 77 1998-99	
Greater than or Equal to 4.0%	9	2.1%	1	0.2%	1	0.2%
Less than 4.0%, but Greater than 3.0%	346	81.2	327	76.8	294	69.1
Less than 3.0%, but Greater than 2.0%	68	16.0	95	22.3	127	29.8
Less than 2.0%	3	0.7	3	0.7	4	0.9
Total	426	100.0%	426	100.0%	426	100.0%

4. The administration indicates that it is concerned about putting into place an automatic growth provision for the flat dollar amount. It is argued that the Legislature could make adjustments to the amount in future years.

5. Opponents of the $206 flat dollar per pupil allowable increase argue that certain expenditure categories (such as special education, staff contracts and school building maintenance) require more than an inflationary adjustment. Furthermore, they are concerned that unless the flat dollar amount is adjusted, $206 per pupil will represent less of a percentage increase in future years.

In addition, it is argued that if the flat dollar amount is increased, it would help narrow the gap more quickly, in percentage terms, between low per pupil revenue districts and high per pupil revenue districts. Finally, opponents of the flat amount indicate that it may be more difficult for future Legislatures to maintain revenue limits, if school districts have inadequate resources because the annual per pupil adjustment is set at too low a level.

6. The inflation rate that was used for the revenue limit calculation was based on the rate of change in the all-urban Consumer Price Index (CPI-U) between May of the preceding calendar year and May of the current calendar year. The percentage change in the CPI-U has remained relatively low the last two years: (a) between May of 1994 and May of 1995, the change was 3.2%; and (b) between May of 1995 and May of 1996, the change was 2.8%.

7. The Committee could consider adjusting the maximum allowable revenue increases by indexing the flat dollar amount to the all-urban Consumer Price Index. Indexing to inflation would require state GPR support to increase by an estimated $2.8 million in 1997-98 and by $6.3 million in 1998-99 to achieve the goal of funding two-thirds of partial school revenues. In a letter to the Co-Chairs of JFC dated April 24, 1997, the Senate Education Committee recommended that this type of indexing provision be included in the budget.

8. Previously, concerns were raised regarding the month used to determine the inflation rate under the revenue limits. It has been argued that basing the rate on the month of May created budget planning problems for school districts because the allowable rate of increase was not known until June and school districts generally develop their budgets for the next school year beginning in February or March. Although CPI-U figures will vary from month to month, using a March over March comparison would allow for an earlier calculation of any inflation adjustment.

9. On April 29, 1997, the Legislative Council Special Committee on the School Aid Formula voted to recommend that the $206 per pupil revenue increase be used in any year, unless the CPI-U multiplied by the statewide average base revenue per pupil exceeds $206, in which case the inflation-adjusted number would be used. The $206 would be the minimum in any given year unless the CPI-U multiplied by the statewide average base revenue per pupil yielded

a larger number. If so, the larger number would be used on a uniform statewide basis for all school districts.

It is estimated that the statewide average base revenue per pupil would be $6,428 for 1997-98 and $6,648 for 1998-99. If an estimated rate of inflation of 2.8% is applied to these projected base revenue amounts, per pupil allowable revenue increases of $180 in 1997-98 and $186 in 1998-99 would result; therefore, the $206 per pupil increase would apply during the 1997-99 biennium. As an example, the rate of inflation would have to exceed 3.1% for the per pupil allowable increase to exceed $206 in 1998-99.

ALTERNATIVES TO BASE

1. Adopt an annual inflation adjustment to the flat dollar amount of $206. As a result, it is estimated that the $206 would increase to $211 per pupil in 1997-98 and to $217 per pupil in 1998-99. This alternative would increase the estimated cost to provide two-thirds funding by $2,800,000 in 1997-98 and $6,300,000 in 1998-99 compared to the amounts provided in SB 77 for equalization aids. Provide that the rate of inflation would be based on the change in CPI-U for the month of March in that calendar year compared to the prior March.

Alternative 1	GPR
1997-99 FUNDING (Change to Base)	$9,100,000
[Change to Bill	*$9,100,000]*

2. Adopt the Legislative Council Special Committee's recommendation that the $206 per pupil revenue increase be used in any year unless the CPI-U multiplied by the statewide average base revenue per pupil exceeds $206, in which case the inflation-adjusted number would be used. The $206 would be the minimum in any given year unless the statewide average base revenue per pupil yielded a larger number. alternative would have no fiscal effect during the 1997-99 biennium inflation would be based on the change in CPI-U for the month of M compared to the prior March.

MO# Alt 1

2 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
1 WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS ____

3. Maintain current law. As a result, the flat dollar amou to determine a school district's maximum allowable increase each ye

P

MO# Alt 2

1 BURKE	Y	N	A
2 DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS

P

Senator Cowles

PUBLIC INSTRUCTION

Revenue Limit Adjustment for Sale of Real Property

Motion:

Move to provide that the maximum allowable revenues otherwise applicable to a school district would be reduced by the net proceeds form the sale of real property by the school district in the prior year. Specify that this provision would first apply to the 1998-99 school year.

MO# 1782

	BURKE	Y	N	A
	DECKER	Y	N	A
	GEORGE	Y	N	A
	JAUCH	Y	N	A
	WINEKE	Y	N	A
	SHIBILSKI	Y	N	A
1	COWLES	Y	N	A
2	PANZER	Y	N	A
	JENSEN	Y	N	A
	OURADA	Y	N	A
	HARSDORF	Y	N	A
	ALBERS	Y	N	A
	GARD	Y	N	A
	KAUFERT	Y	N	A
	LINTON	Y	N	A
	COGGS	Y	N	A

AYE ____ NO ____ ABS ____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

School District Revenue Limits -- Carryover of Unused Revenue Authority (DPI)

[LFB Summary: Page 461, #2]

CURRENT LAW

If a school district's revenues in any school year are less than the maximum allowed in that year, the revenue limit otherwise applicable to the district in the subsequent school year is increased by an amount equal to 75% of the difference between the district's actual revenues and the maximum amount allowed.

GOVERNOR

No provision.

DISCUSSION POINTS

1. Based on information from the Department of Public Instruction relating to the calculation of revenue limits in 1996-97, 174 out of the state's 426 school districts carried over approximately $8.6 million of unused revenue authority from 1995-96 into 1996-97. Based on the same data, it is estimated that 127 out of the state's 426 school districts would carry over approximately $6.3 million of unused revenue authority from 1996-97 into 1997-98. The following table shows the number of school districts that carried over unused revenue authority by certain intervals of carryover amounts for 1996-97 and 1997-98. As shown in the table, 97 of the 174, or 56% of the 174, school districts carried over less than $10,000 of unused revenue

authority in 1996-97 and it is estimated that 87 of the 127, or 69% of the 127, school districts would carry over less than $10,000 of unused revenue authority in 1997-98.

Distribution of School Districts by Amount of 75% Carryover Allowed for Purposes of Actual 1996-97 and Estimated 1997-98 Revenue Limits

	Number of Districts	
Carryover Amounts	1996-97	1997-98
Under $999	43	42
$1,000 to 9,999	54	45
$10,000 to 24,999	27	13
$25,000 to 49,999	11	9
$50,000 to 99,999	18	6
$100,000 to 199,999	7	4
$200,000 to 299,999	6	2
$300,000 to 499,999	6	4
$500,000 and over	2	2
Total	174	127

2. The current 75% carryover provision was established in 1995 Act 27 (the 1995-97 budget), beginning with the 1995-96 revenue limit. Prior to that, there was no carryover allowed under revenue limits. The 75% carryover provision was created to reduce the incentive that school districts would otherwise have to levy to the allowable maximum. Without a carryover provision, a school district's revenue limit for the following year would be lower, if the school district did not set its levy high enough to generate the maximum allowable revenues under the revenue limits. As a result, school districts would have an incentive to levy to the maximum amount allowed out of concern for their future revenue limits, even if they did not need the additional revenues in the present.

3. On April 25, 1997, the Legislative Council Special Committee on the School Aid Formula voted to recommend that school districts be permitted to carry over 100% of the unused revenue authority from one year to the next. It was argued that this proposed 100% carryover provision would allow a school district to levy at less than the maximum allowable in a given year, without concern for its future revenue limit calculations. However, the current 75% carryover provision already provides a significant adjustment to school districts. In addition, it is unclear whether a school district that did not need to fully utilize its revenue base in one year, would require 100% of this difference in the next year.

4. The Committee could allow school districts to carry over 100% of the unused revenue authority. It is estimated that if every district took full advantage of the proposed adjustment, the districts would collectively raise additional revenue of approximately $2.1 million in 1997-98 and $1.0 million in 1998-99. Assuming that 80% of these carryover amounts would be utilized in the following year, the state's cost of this increase, under the 66.7% goal of partial school revenues, would be approximately $1.1 million in 1997-98 and $0.5 million in 1998-99.

ALTERNATIVES TO BASE

1. Allow school districts to carry over 100% of the prior year's unused maximum revenue authority. If selected, it is estimated that this provision would cost approximately $1,100,000 in 1997-98 and $500,000 in 1998-99 for additional equalization aids.

Alternative 1	GPR
1997-99 FUNDING (Change to Base)	$1,600,000
[Change to Bill	*$1,600,000]*

2. Maintain current law.

MO# Alt 1

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 7 NO 9 ABS 0

Prepared by: Bob Soldner

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

School District Revenue Limits -- Low Revenue Adjustment (DPI)

[LFB Summary: Page 467, #11]

CURRENT LAW

Under current law, any school district with a "base revenue" per pupil for the prior school year that was less than a "revenue ceiling" of $5,300 in 1995-96 and $5,600 in 1996-97 and each year thereafter is allowed to increase their revenues up to the ceiling. "Base revenue" is determined by: (a) calculating the sum of the district's prior year general school aids and the property tax levy (excluding debt service levies exempted from the limit); (b) dividing the sum under (a) by the average of the district's September membership for the three prior school years; and (c) adding $200 to the result under (b) for 1995-96, and adding $206 to the result for 1996-97 and thereafter. If a school district has resident pupils who were solely enrolled in a county handicapped children's education board program, costs and pupils related to that program would be factored into the district's base revenue calculation.

GOVERNOR

Increase the "revenue ceiling" that applies to the low-revenue adjustment to school district revenue limits from its current level of $5,600 per pupil in 1996-97 to $5,800 per pupil in 1997-98 and $6,000 per pupil in 1998-99 and each year thereafter.

DISCUSSION POINTS

1. The current law low-revenue adjustment does not provide a full exemption from the revenue limit, but rather an eligible school district is permitted to increase its per pupil revenues up to a specific amount. It is estimated that 10 school districts would be below the proposed $5,800 revenue ceiling in 1997-98 and five districts would be below the proposed $6,000 ceiling in 1998-99.

2. If districts take advantage of the proposed adjustment, the cost to achieve 66.7% funding of partial revenues in the 1997-99 biennium would increase. It is difficult to project that cost, because use of the adjustment would be determined locally. However, it is estimated that the proposed increases to the low-revenue adjustment would account for $300,000 GPR of the annual funding in SB 77 for equalization aids to meet the 66.7% funding goal.

3. Districts with the lowest revenues per pupil already benefit by the flat dollar adjustment under the current revenue limits. An increase in revenue of $206 per pupil would generate allowable per pupil growth of between 3.7% and 4.6% for these districts in 1997-98. The proposed adjustment could potentially add to that growth. While for most districts the additional revenue authority would be relatively modest (less than an additional 1.5% increase), the allowable increase would be significantly higher for a few districts at the lowest level (up to an additional 21.2%). However, a school district would be under no obligation to raise its revenue to the ceiling.

4. According to the administration, the Governor's proposal is intended to reduce the disparity in revenue per pupil among school districts. However, it could be argued that an adjustment provided to less than 1.2% of the districts in 1998-99 would not have a significant impact on revenue disparities across the state.

5. The bill would not adjust the revenue ceiling after the 1998-99 school year. It would remain at $6,000 per pupil. According to DOA, the Governor did not wish to build in automatic adjustments to the ceiling, but would prefer to make the determination every two years if adjustments are necessary. In addition, it is not known to what extent school districts would use the adjustment in the next biennium.

6. On April 25, 1997, the Legislative Council Special Committee on the School Aid Formula voted to recommend that the revenue ceiling be increased to $5,900 in 1997-98 and to $6,100 in 1998-99 and each year thereafter. This would expand the scope of the adjustment; a revenue ceiling of $5,900 in 1997-98 would affect 43 school districts, or about 10% of the state's total number. It is estimated that this proposal would require $1.3 million GPR of annual funding over the base to provide 66.7% funding of partial school revenues, which would represent an increase of $1.0 million GPR annually to the bill.

7. Those opposed to increasing the low-revenue adjustment would argue that while it may allow school districts with the lowest per pupil revenues to expand educational opportunities, the anticipated amount of property tax relief in these districts could be dissipated. Furthermore, they contend that even without the low-revenue adjustment, current law already allows school districts to exceed the limit through referendum and that using this option would ensure local electorate support of the district's decision to spend or tax at higher levels.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to increase the revenue ceiling that applies to the low revenue adjustment to $5,800 per pupil in 1997-98 and $6,000 per pupil in 1998-99. Provide $300,000 annually for equalization aids to attain 66.7% funding of partial school revenues.

Alternative 1	GPR
1997-99 FUNDING (Change to Base)	$600,000
[Change to Bill	$0]

2. Modify the Governor's recommendation by increasing the revenue ceiling to $5,900 in 1997-98 and $6,100 in 1998-99. Provide $1.3 million annually for equalization aids to attain 66.7% funding of partial school revenues, which would represent an increase of $1.0 million annually to the bill.

Alternative 2	GPR
1997-99 FUNDING (Change to Base)	$2,600,000
[Change to Bill	$2,000,000]

3. Maintain current law and delete $300,000 annually for equalization aids associated with 66.7% funding of partial school revenues.

Alternative 3	GPR
1997-99 FUNDING (Change to Base)	$0
[Change to Bill	- $600,000]

Prepared by: Bob Soldner

MO# Alt 2

1 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
2 OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 15 NO 1 ABS 0

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

School District Revenue Limits -- Transfer of Service (DPI)

[LFB Summary: Page 461, #2]

CURRENT LAW

Adjustments involving increases and decreases to school district revenue limits are allowed for transfers of service responsibilities between a school district and another governmental unit (including a school district). The determination and approval of these adjustments is made by DPI.

Since 1995-96, DPI has been required to ensure that if responsibility for providing a service is transferred from one school district to another school district within the state, the decrease in the former district's limit must be equal to or greater than the increase in the latter district's limit.

GOVERNOR

No provision.

DISCUSSION POINTS

1. The current limitation on school district revenue limits for transfer of service responsibility between school districts was established in 1995 Act 27, beginning with the 1995-96 revenue limit. The provision addressed concerns that transfers of service responsibility in prior years had led to increases in the revenue limits of the receiving district, without a

corresponding decrease in the sending district. Because this practice, if continued, would increase the cost of the state's goal of funding 66.7% of partial school revenues, the Act 27 provision established the requirement for a dollar-for-dollar offset for transfer of service responsibility between school districts.

2. On April 25, 1997, the Legislative Council Special Committee on the School Aid Formula voted to recommend the repeal of the transfer of services provision related to transfers between school districts. Advocates of this change indicated that in many cases the sending district would have to continue their program even after the transfer, and therefore would not realize significant savings. This change would allow a school district's reduction to be based on the actual amount of reduced cost as a result of no longer providing the service rather than on the increased cost experienced by the district receiving the transfer of service. DPI would have the authority to determine the level of adjustments for transfers between school districts.

3. Opponents of this change argue that it is only the Act 27 provision that has forced downward adjustments to the sending districts revenue limits. They indicate that if the Act 27 provision would be repealed, the state would return to the situation where increases to revenue limits were routine and decreases a rarity.

4. 1997 Senate Bill 120 would delete the limitation on revenue limits for district-to-district transfers. On May 7, 1997, the Senate Committee on Education recommended SB 120 for passage on a vote of 7 ayes, 0 noes. SB 120 was referred to the Joint Committee on Finance on May 20, 1997. DPI estimates that if these provisions had been in effect for purposes of the 1996-97 revenue limit calculations, and if the total statewide requests for increases were not offset with any reductions, the increased costs to the state would have been $1.3 million GPR.

5. The Committee could delete this statutory provision. DPI does not collect data on the actual decreased costs of transfers of service; therefore, it is difficult to estimate what the statewide change in revenue limits would be as a result of deleting this provision. Transfer of service responsibility between school districts varies significantly from year to year, and reductions could offset a portion of this cost. However, it is assumed that the net statewide effect would be an increase in maximum revenues under the revenue limits compared to current law. It is estimated that this modification would collectively raise maximum revenues by approximately $1.5 million in each year, although this estimate should be considered speculative. The state's cost of this increase, under the 66.7% goal of partial school revenues, would be approximately $1.0 million GPR annually.

ALTERNATIVES TO BASE

1. Delete the provision which requires DPI to ensure that if responsibility for providing a service is transferred from one school district to another school district within the state, the decrease in the former district's limit must be equal to or greater than the increase in

the latter district's limit. It is estimated that this provision would cost $1.0 million annually for equalization aids.

Alternative 1	**GPR**
1997-99 FUNDING (Change to Base)	$2,000,000
[Change to Bill	*$2,000,000*

2. Maintain current law.

Prepared by: Bob Soldner

MO# Alt 1

2 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
1 WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS 0

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

School District Debt Service Costs (DPI)

[LFB Summary: Page 461, #2]

CURRENT LAW

Property tax levies for the long-term debt service payments of school districts are included among the revenues which the state will support at the two-thirds funding level. Therefore, the state's funding obligation will be partially influenced by the degree to which school districts are successful in passing borrowing referenda. However, debt service represents a relatively small share (approximately 5-6%) of the total amount of K-12 revenue included in the two-thirds funding calculation.

School boards must approve a resolution supporting inclusion in the school district budget an amount which exceeds the revenue limit. The resolution must specify whether the proposed excess revenue is for a recurring or nonrecurring purpose, or both. If the resolution is approved by a majority of those voting on the question, the school board can exceed the revenue limit by the amount approved. These referenda could approve debt, recurring or nonrecurring operating costs.

All debt service costs are shared (or aidable) costs under the general equalization aid formula. Therefore, the decision of school districts to incur new debt does have an impact on the distribution of general school aid.

GOVERNOR

No provision.

DISCUSSION POINTS

1. In 1989 Act 31 (the 1989-91 budget), the limit on shared debt service costs under the equalization aid formula was increased from $90 per member to $110 per member, effective with the 1991-92 general aid distribution. Based on 1988-89 school district budgets, statewide debt service costs totaled $95.7 million, with an average of $128 per member. Approximately 40% of the school districts had debt service costs below $90 per member. In 1989 Act 336, effective on May 11, 1990, the $90 per member limit was eliminated before the increase to $110 went into effect. DPI staff indicate that one reason for the elimination of the $90 debt ceiling was to remove the disincentive for school districts to maintain and improve district buildings.

2. The exclusion of some portion of debt service costs from eligibility for equalization aid was designed to discourage the construction of new buildings at a time of declining enrollments during the late 1970s and 1980s. Although public school enrollments have increased over the last several years, it could be argued that a limit on debt service costs has merit. Some contend that the state should not provide aid for any building costs since such costs vary significantly from district to district and are subject to more local discretion than instructional costs.

3. On the other hand, the existence of any nonaidable cost is contrary to the equalization goals of the general school aid formula. To the extent that a school district has costs that are not eligible for aid, its fiscal capacity is not totally equalized because it must pay the nonshared portion entirely through its own local tax base. Districts with higher-than-average property values per pupil are in a better position to finance nonshared costs that must be funded in full by the property tax, because they can generate a given amount of revenue at a lower mill rate than districts with lower-than-average property values per pupil. In addition to the disequalizing effect of a debt ceiling, it has been argued that a ceiling is arbitrary and discriminatory since the level of nonshared costs is affected by membership as well as the overall level of debt service costs.

4. Based on estimated 1996-97 equalization aid levels, the state currently supports approximately 60% of net debt service costs, or $146.0 million of a $243.4 million total. The statewide average net debt service cost per member is $287. Approximately 14% of the school districts in the state have debt service costs below $90 per member; whereas, 53% of the districts are below $300 per member. It is estimated, based on school district budgets for the 1996-97 school year, that debt service costs will increase to $307.9 million (26.5% increase) statewide, with an average of $358 per member (24.7% increase). Based on the 1996-97 budgets, approximately 38% of the school districts in the state would have debt service costs below $300 per member.

5. Prior to the repeal of the $90 per member debt service ceiling, several proposals were made to increase the ceiling. Such proposals were not adopted by the Legislature, in part, because of the redistributional impact on general aids caused by sharing in additional debt service

costs. In general, all other factors being equal, creating a debt ceiling shifts state aid from districts that exceed the sharing limit to districts that do not exceed the limit. There is one major exception to this general rule: for school districts with higher-than-average per member shared costs and property valuations that receive equalization aid, but incur negative aid on every additional dollar of shared cost, decreasing shared costs by creating a debt ceiling acts to increase their equalization aid (through decreasing negative aid). There are approximately 40 school districts which would be in this position.

6. If a debt ceiling was created at $300 per member in 1997-98, there would be a shift of approximately $14.5 million in general school aids with 224 districts benefiting, 165 districts losing and 37 districts with no change, based on the level of funding recommended for general aids in SB 77. Under this modification, net debt service costs would be reduced from an estimated $307.9 million to $202.8 million, or a 34.1% reduction.

7. An alternative to imposing a per member debt ceiling would be to impose an aggregate statewide limit on the amount of net debt service costs that the state will recognize for purposes of calculating shared costs and partial revenues. Under this option, a statewide limit of $340 million could be established on these costs for purposes of calculating shared costs in 1998-99, which would represent a ceiling of approximately 110% of estimated net debt service costs projected for 1997-98. If these costs would exceed this flat dollar amount, net debt service costs for each school district would be prorated for purposes of calculating shared costs under the equalization formula. The limit would be set at 110% of the 1997-98 level, to allow for some growth in this area, before imposing a ceiling in 1998-99.

In estimating the cost of meeting the state goal of funding 66.7% of partial school revenues, a somewhat higher limit could be imposed on the debt levy, which is a part of partial revenues. This fixed dollar amount would differ from the limit on net debt service costs for shared costs, because shared costs are from the prior year, while the debt levy is a current year number. As a result, a limit of $385 million on the debt levy could be established in 1998-99, which would represent a ceiling set at approximately 110% of the estimated debt levy in 1997-98.

The effect of this alternative would be that the state would establish a cap on the total amount of debt service that it is willing to support. If in aggregate, school districts exceed this limit, then all school districts that have debt service would see a proportional reduction in state support for their debt levy. As an example, if total net debt service included in shared costs increased to $350 million, then net debt service costs for each school district would be multiplied by 0.971 ($340 million ÷ $350 million) in determining shared costs under the equalization formula. Similarly, in estimating partial school revenues for purposes of determining the state's cost of meeting the goal of 66.7% of partial revenues, if the debt levy increased to $400 million, a debt levy number of $385 million would be used, rather than the actual debt levy amount of $400 million.

Because these limits would be set at flat dollar amounts consistent with the projected levels of net debt service costs and the debt levy for 1998-99, this alternative would not have a fiscal effect in the 1997-99 biennium. However, if school district borrowing costs continue to rise in the future, these ceilings would limit the amount recognized for purposes of shared costs and would cap the state's obligation relating to the debt levy under the goal of funding 66.7% of partial school revenues.

One could argue that this alterative would represent a failure by the state to meet the 66.7% funding commitment. In addition, by imposing a ceiling on shared costs, aid for one school district could be affected by borrowing decisions of other school districts, as their net debt service costs could be subject to a prorate for purposes of calculating shared costs.

8. It could be argued that certain school districts have not had the opportunity, nor the incentive, to seek impartial advice on low-cost building designs and other school construction options in order to build more useable and economical facilities. To respond to this concern, the State Superintendent of Public Instruction could be directed to review and approve school district construction plans. The State Superintendent could be required to promulgate administrative rules defining the review and approval process, including criteria to be used. The Committee could specify that the criteria would include, but not be limited to, building costs per square foot by geographic region and a square footage per pupil. As part of this alternative, the Committee could provide $52,600 GPR in 1997-98 and $64,600 GPR in 1998-99 and 1.0 GPR position beginning in 1997-98 for DPI to review the school district plans.

9. Discussions concerning the increases in school district debt levies and the increased costs to the state under the goal of 66.7% of partial school revenues, have led some to argue that referenda to exceed the revenue limits should receive the support of more than a simple majority of a school board. Under current law, a simple majority vote of the school board is sufficient to advance the board's resolution to a referendum to exceed the revenue limits. To respond to this concern, the Committee could require that a super majority, defined as two-thirds of the school board, or a unanimous vote of the school board, would be required to approve a resolution to exceed the revenue limits.

ALTERNATIVES TO BASE

Adopt one or more of the following:

1. Create a ceiling of $300 per member on the amount of debt service which is considered aidable.

2. Establish a statewide limit of $340 million on the amount of net debt service costs that the state would recognize for purposes of calculating shared costs under the equalization aid formula, effective in 1998-99. Provide that if statewide net debt service costs would exceed $340

Representative Ourada

PUBLIC INSTRUCTION

School District Debt Service Costs

Motion:

Move to:

a. Create a sliding scale ceiling on the amount of debt service which is considered aidable. Specify that the formula for the ceiling would be:

$$1 - \left[\frac{\text{School District Value Per Member}}{\$2{,}000{,}000} \right] \quad \text{X } \$500$$

Specify that the ceiling would not apply to school districts that generate negative tertiary aids under the equalization aid formula. Specify that the ceiling could not be less than zero.

b. Require the Division of Facilities Development in the Department of Administration to review and approve school district construction plans. Direct DOA to promulgate administrative rules defining the review and approval process, including criteria to be used. Specify that the criteria would include, but not be limited to, building costs per square foot by geographic region and a square footage per pupil. Provide $52,600 GPR in 1997-98 and $64,600 GPR in 1998-99 and 1.0 GPR position beginning in 1997-98 for DOA to review and approve the school district plans.

Note:

This motion would establish a sliding scale ceiling on the amount of debt service per member that would be included in shared costs. The limit would be determined by formula, and would vary, as an example, from $475 per member for a district with equalized value of $100,000 per member, to $100 per member for a district with $1,600,000 per member. The motion would specify that districts with negative tertiary would not be subject to the ceiling, to avoid the situation that aid to these districts would increase because of the proposed ceiling.

This motion would also require DOA review of school district construction costs.

[Change to Base: $117,200 GPR and 1.0 GPR position]
[Change to Bill: $117,200 GPR and 1.0 GPR position]

Motion #3237

MO# 3237

Withdrawn

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
1 OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
2 KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE _____ NO _____ ABS _____

million, net debt service costs for each school district would be prorated in determining shared costs. Specify that in determining partial school revenues, the state would use the lesser of the statewide debt levy by school districts, or $385 million, effective in 1998-99.

3. Require the State Superintendent of Public Instruction to review and approve school district construction plans. Direct the State Superintendent to promulgate administrative rules defining the review and approval process, including criteria to be used. Specify that the criteria would include, but not be limited to, building costs per square foot by geographic region and a square footage per pupil. Provide $52,600 in 1997-98 and $64,600 in 1998-99 and 1.0 position beginning in 1997-98 for DPI to review and approve the school district plans.

Alternative 3	GPR
1997-99 FUNDING (Change to Base)	$117,200
[Change to Bill	*$117,200]*
1998-99 POSITIONS (Change to Base)	1.00
[Change to Bill	*1.00]*

4. Require that school boards would need more than a majority vote to approve a resolution to exceed the revenue limits for debt, recurring or nonrecurring operating costs. Specify one of the following votes:

a. a super majority, defined as two-thirds of the school board; or

b. a unanimous vote of the school board.

5. Take no action.

MO#________________

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE ____ NO ____ ABS ____

Prepared by: Bob Soldner